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1991

THE BOARD OF EDUCATION FOR THE CITY OF HAMILTON



ANNUAL REPORT 1991

URBAN MUNICIPAL

APR 22 1992

GOVERNMENT DOCUMENTS

**1991
FINANCIAL STATEMENTS**

Prepared by:

Accounting Department

Submitted by:

Paul E. Shewfelt
Superintendent of Finance and Treasurer

Approved by:

Keith A. Rielly,
Director of Education
and
Secretary of the Board

Treasurer's Report

To the Chairman and Members
Operations Management Committee
The Board of Education for the City of Hamilton
Hamilton, Ontario

Ladies and Gentlemen:

I am pleased to present the 1991 annual audited Financial Statements of the Board of Education for the City of Hamilton. These statements were prepared by the staff of the Finance Department, in accordance with generally accepted accounting principles that are prescribed by the Ministry of Education and are considered appropriate for Ontario School Boards.

The Balance Sheet continues to indicate that the Board is in a sound financial position. Cash and short-term deposits of \$ 27,199,000 are generating interest income with minimum risk. Net long-term liabilities are at \$ 14,380,000 with approximately \$ 3,000,000 to be added in 1992.

Debentures in the amount of \$ 11,202,000 were issued through the Region of Hamilton-Wentworth to finance our portion of the construction costs of Elizabeth Bagshaw, R.A. Riddell, A.M. Cunningham, James MacDonald, Helen Detwiler and Gordon Price Elementary Schools. The debentures have a term of 15 years and interest rates of 9.75% for the first five years and 10% for the remainder of the term.

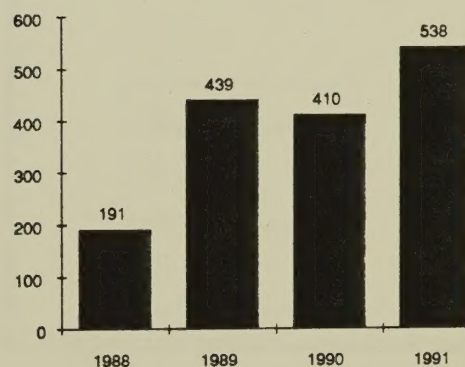
Although the construction of Gordon Price Elementary School was completed in 1991, the provincial grants of approximately \$ 1,800,000 will not be received until 1993. Fortunately we had sufficient funds in our working capital to bridge finance this project.

The net result of our 1991 financial operations is a surplus of \$ 5,467,000, attributed primarily to savings in a number of expenditure categories and higher revenue than expected. The surplus will be included in the budget estimates for the 1992 fiscal year and is therefore shown on the balance sheet as an account payable to be utilized to reduce the 1992 levy.

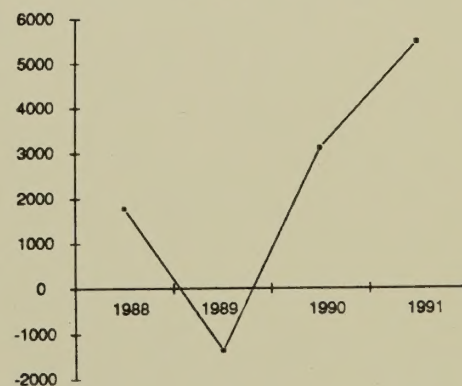
In co-operation with several areas, the Finance Department has continued to make full use of available Ministry funding. Examples include:

- (a) Applications to upgrade the technological equipment at Glendale, Hill Park and Westmount Secondary Schools were made by co-ordinating the efforts of the Purchasing Department, the Co-ordinator of Technological Studies, the technological department heads and the staff at these schools.

YEAR TO YEAR CHANGE IN ENROLMENT



**YEAR END SURPLUS
(in 000's)**



- (b) Grant applications to remove asbestos were submitted to the Ministry in conjunction with the Asbestos Response Team.
- (c) The Purchasing Department and Computers In Education worked closely to specify and purchase the equipment for grant eligible microcomputers for elementary and secondary schools.
- (d) The Plant and Finance Departments ensured that grants were received on a timely basis for construction of Helen Detwiler Elementary School.

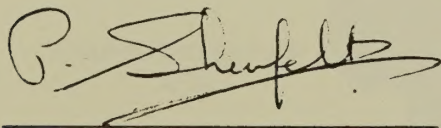
In addition, the Finance team was involved in several initiatives in 1991 including:

- Proforma Budget
- Financial Status Report
- Revised Transportation Policy
- Transportation Grants
- Sale of Princess Elizabeth and Union Schools
- Electronic Funds Transfer
- Revised Pay Statements
- Capital Expenditure Forecast
- School Audits
- Education Development Charges
- Pooling Grants

The future holds many challenges for the Finance Department:

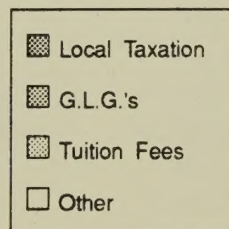
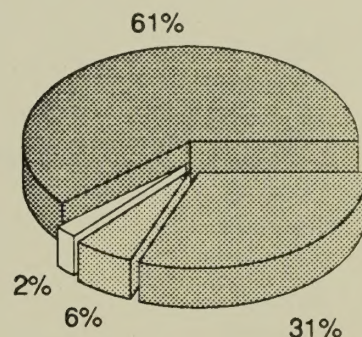
- (a) to upgrade our financial information system to incorporate clear lines of accountability and responsibility and to meet information needs on a more timely basis
- (b) to develop a three year Proforma Budget
- (c) to sell surplus properties in order to minimize our future debenture debt requirements.

The financial strength of our Board relies on the resourcefulness of all staff, particularly during these times of restraint. Our combined strengths and clear focus on a student-centred and student-based educational system will direct our energies to the benefit of all those we serve.



Paul Shewfelt
Superintendent of Finance and Treasurer

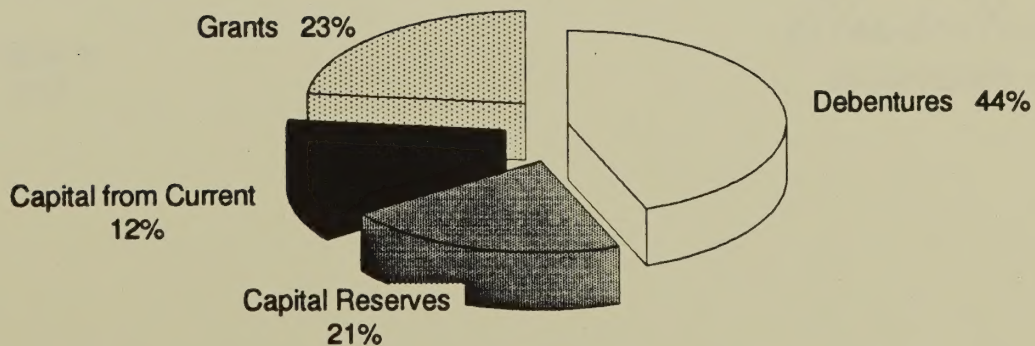
1991 SOURCES OF REVENUE



**THE BOARD OF EDUCATION FOR THE CITY OF HAMILTON
MAJOR CAPITAL PROJECTS**

SCHOOL	1991	1990	1989	TOTAL
A.M. CUNNINGHAM	\$	\$ 714,000	\$	\$ 714,000
ADELAIDE HOODLESS	19,000	1,241,000		1,260,000
CENTENNIAL	549,000	1,186,000		1,735,000
ELIZABETH BAGSHAW	140,000	3,267,000	259,000	3,666,000
GEORGE L. ARMSTRONG	3,000	349,000		352,000
GIBSON	536,000			536,000
GORDON PRICE	3,668,000	929,000		4,597,000
HELEN DETWILER	4,412,000	1,372,000		5,784,000
HILLCREST	274,000			274,000
JAMES MACDONALD	8,000	698,000		706,000
MEMORIAL - PHASE I	646,000			646,000
MEMORIAL - PHASE II	16,000			16,000
PEACE MEMORIAL	22,000	401,000		423,000
R.A. RIDDELL	13,000	1,167,000	63,000	1,243,000
SIR WILFRED LAURIER		4,855,000	2,281,000	7,136,000
TWEEDSMUIR	633,000			633,000
DELTA	351,000	1,213,000		1,564,000
PARKVIEW		206,000		206,000
SIR WINSTON CHURCHILL		200,000		200,000
	<u>\$ 11,290,000</u>	<u>\$ 17,798,000</u>	<u>\$ 2,603,000</u>	<u>\$ 31,691,000</u>

MAJOR PROJECTS



THE BOARD OF EDUCATION FOR THE CITY OF HAMILTON
BALANCE SHEET
DECEMBER 31, 1991

ASSETS

CURRENT ASSETS

Cash and Short-Term Deposits

Accounts Receivable

Other School Boards

Government of Ontario

Other

Prepaid Expenses

Other Current Assets

**CAPITAL OUTLAY TO BE RECOVERED
IN FUTURE YEARS - NOTE 1 (B)**

1991
(\$000's)

1990
(\$000's)

27,199

17,785

362

397

7,125

7,745

1,497

1,375

529

368

191

213

36,903

27,883

15,826

10,097

52,729

37,980

=====

=====

LIABILITIES

CURRENT LIABILITIES

Accounts Payable

Over-Requisition - Note 1 (d)

Trade Payables & Accrued Liabilities

Reserve for Assessment Appeal - Note 3

Deferred Income

1991
(\$000's)

1990
(\$000's)

5,467

3,115

10,803

10,268

1,690

3,094

2,892

19,364

17,965

NET LONG-TERM LIABILITIES - NOTE 4

14,380

3,857

RESERVE FOR WORKING FUNDS - NOTE 1 (C)

5,800

5,750

EQUITY IN RESERVE FUNDS - NOTE 1 (C)

13,185

10,408

52,729

37,980

=====

=====

**THE BOARD OF EDUCATION FOR THE CITY OF HAMILTON
REVENUE FUND STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1991**

	1991 (\$000's)	1990 (\$000's)
EXPENDITURE		
Business Administration	4,917	4,730
General Administration	1,688	1,717
Computer Services	2,644	2,338
Instruction	199,497	186,750
Plant Operation and Maintenance	31,746	29,232
Transportation	6,119	5,540
Tuition Fees	3,803	2,842
Capital Expenditure (Non-Allocable)	9,050	13,519
Debt Charges - Note 5	936	1,253
Other Operation Expenditure	4,057	3,691
Non-operating Expenditure Excluding Transfers to Reserves	1,620	1,959
TOTAL EXPENDITURE	266,077	253,571
RECOVERY OF EXPENDITURE		
Other School Boards - Tuition Fees & Miscellaneous	15,068	14,054
Government of Ontario - Miscellaneous	1,027	915
Government of Canada	174	74
Individuals - Tuition Fees	871	828
Other Revenue Excluding Transfers from Reserves	4,741	3,813
TOTAL RECOVERY OF EXPENDITURE	21,881	19,684
NET EXPENDITURE	244,196	233,887
FINANCING OF NET EXPENDITURE		
Government of Ontario General Legislative Grants	83,438	76,446
Local Taxation		
Previous Year's Over (Under)		
Requisition - Note 1 (d)	4,432	(2,511)
Local Taxation Raised in Current Year	161,904	161,165
Decrease (Increase) in Reserves	(111)	1,902
	166,225	160,556
To be Applied to the Following Year's Taxation Net Over Requisition - Note 1 (d)	(5,467)	(3,115)
TOTAL FINANCING	244,196	233,887

THE BOARD OF EDUCATION FOR THE CITY OF HAMILTON
CAPITAL FUND STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1991

1991 (\$000's)	1990 (\$000's)
15,011	23,000
3,369	2,858
318	45
<u>18,698</u>	<u>25,903</u>
=====	=====
(6,240)	3,285
11,073	---
12,419	16,378
1,446	6,240
<u>18,698</u>	<u>25,903</u>
=====	=====

CAPITAL EXPENDITURE

Fixed Assets and Work in Progress

Buildings

Furniture and Equipment

School Sites and Improvements to Sites

Total Capital Expenditure

CAPITAL FINANCING

Unexpended Funds (Balance Not Permanently Financed) at Beginning of Year

Long-Term Liabilities Issued and Sold

Capital Expenditure from the Revenue Fund

Balance at End of Year Not Permanently Financed

Total Capital Financing

THE BOARD OF EDUCATION FOR THE CITY OF HAMILTON
RESERVE FUND STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 1991

1991 Total (\$000's)	1990 Total (\$000's)
10,408	10,891
1,690	---
4,561	3,355
<u>1,026</u>	<u>1,668</u>
<u>17,685</u>	<u>15,914</u>
=====	=====
4,500	5,506
<u>13,185</u>	<u>10,408</u>
=====	=====

Retiring

Gratuities
(\$000's)

Assessment

Appeal
(\$000's)

Capital
(\$000's)

Balance, December 31, 1990

Transfer from Revenue Fund

to Reserve Fund

Total amount provided during the

year from the Revenue Fund

Earnings on Reserve

Fund investments

Transfers to Revenue

Fund

Balance December 31, 1991

**THE BOARD OF EDUCATION FOR THE CITY OF HAMILTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991**

1. Significant Accounting Principles

The financial statements have been prepared by the Board using accounting principles that are prescribed by the Ministry of Education and are considered appropriate for Ontario School Boards. These principles are in accordance with generally accepted accounting principles except as follows:

(a) Accrual Accounting

Revenue and expenditure are accounted for on the accrual basis of accounting except that no provision is made for interest on unmatured debenture debt from the date of payment to the end of the fiscal year.

(b) Capital Assets

Capital assets are charged to current expenditure unless financed by long-term debt. Principal and interest charges on net long-term liabilities are included as expenditures in the period due. Capital assets, described as capital outlay to be recovered in future years, are included on the balance sheet only to the extent of the balances of the related net long-term liabilities outstanding and of the related temporary financing at the year end.

(c) Reserves and Reserve Funds

Reserves and reserve funds represent funds appropriated for general and specific purposes and are charged or credited to revenue fund operations in the year appropriated or drawn down. The amounts in reserves and reserve funds are approved by the Board and are within the limits defined in the Education Act.

(d) Under/Over Requisition of Taxes

The difference between the net expenditure of any year and the amounts received to finance these expenditures is carried forward to the subsequent year to either increase or reduce the net revenue requirement from ratepayers.

(e) Supplementary Taxes

Supplementary taxes are deferred in the year received and recorded as revenue in the following year.

**THE BOARD OF EDUCATION FOR THE CITY OF HAMILTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991**

2. Retirement Gratuities Plans

Employees may become entitled to cash payments when they leave the employment of the Board for purposes of retirement providing they meet the prescribed age or service requirements. Retirement gratuities of \$ 1,337,000 were paid in 1991, (1990 - \$ 1,846,000). An amount of \$ 7,482,000 is provided by way of a reserve fund which has been funded in accordance with an 1987 Actuarial Report. The amount of the total liability in respect of employees who meet the vesting requirements of the plans at the end of 1991 is \$ 36,416,000. Notwithstanding the use of reserve funds, recognition for General Legislative Grants purposes continues to be made in respect of the actual amounts paid to employees.

3. Reserve for Assessment Appeal

As a result of the Ontario Municipal Board ruling in favour of an appeal by Dofasco Inc. to allow a reduction in property tax assessment for the years 1983 to 1986 and Dofasco's subsequent appeal for reduction in its 1987 through 1991 assessments, a reserve has been established to recognize the school board's potential liability estimated at \$ 2,853,000 (net of Ministry recovery) for the years 1983 to 1991 inclusive. This reserve has been transferred to a Reserve Fund in 1991.

The Hamilton Board of Education, the Region of Hamilton-Wentworth and the City of Hamilton are jointly appealing this decision. At the end of 1991, no final decision has been rendered.

4. Net Long-Term Liabilities

The net long-term liabilities consist of debentures which have a retractable feature, exercisable on specific dates only, at the option of the debenture holders. Of the net long-term liabilities outstanding of \$14,380,000 principal amounting to \$4,230,000 plus interest amounting to \$7,272,000 is payable over the next five years as follows:

	Principal	Interest	Total
1992	\$ 867,000	\$ 1,466,000	\$ 2,333,000
1993	856,000	1,460,000	2,316,000
1994	861,000	1,453,000	2,314,000
1995	832,000	1,448,000	2,280,000
1996	814,000	1,445,000	2,259,000
	<u> </u>	<u> </u>	<u> </u>
	\$ 4,230,000	\$ 7,272,000	\$ 11,502,000
	=====	=====	=====

THE BOARD OF EDUCATION FOR THE CITY OF HAMILTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991

5. Debt Charges

The Revenue Fund expenditure for debt charges includes principal and interest payments as follows:

Principal payments on long-term liabilities	\$ 543,000
Interest payments on long-term liabilities	393,000
	<u>\$ 936,000</u>
	=====

6. Pension Plan Costs

All non-teaching employees of the school board are eligible to be members of the Ontario Municipal Employees Retirement System which is a multi-employer final average pay contribution plan. Employer contributions made to the plan during the year by the Board amounted to \$ 2,221,000, (1990 - \$ 2,082,000).

Not shown in the financial statements of the Board are the employer's contributions to the Teachers' Superannuation Fund. The funding for such is provided directly by the Provincial Government.

7. Ontario School Board Exchange

The school board joined, effective October 1, 1987 for a five year period, the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licenced under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. The Board renewed its membership subsequent to the year end for a further five year period, commencing January 1, 1992.

8. Consortium Gas Purchase Agreement

The school board is a member of a buy/sell gas consortium with nine other school boards for the direct purchase and sale of natural gas. The consortium has extended its agreement to purchase natural gas at fixed contract prices to August 31, 1994.

HAMILTON PUBLIC LIBRARY



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